

(continued)

occur if funds were retained in the trust fund. If the interest rate paid by the trust fund averages 7%, the lost interest ultimately will be \$17.5 million per year. It will exceed the royalty revenue after 14 years.

TECHNICAL NOTES:

1. It is questionable whether the royalties from mineral production on the state lands that Montana acquires in the Crown Butte exchange can be distributed. An Attorney General opinion has stated that all mineral royalties from state lands are a permanent disposition of a trust asset and as such must be deposited in the Public School Fund established in Article X, Section 2 of the Montana Constitution.